

## APPENDIX

### Independent auditor's report For the financial year ended 31 December 2025

#### Independent auditor's report to the members of Katrina Group Ltd.

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#### Report on the audit of the financial statements

##### Opinion

We have audited the financial statements of Katrina Group Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2025, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2025 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

##### Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code"), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Material uncertainty related to going concern

We draw attention to Note 2.1 to the financial statements. The Group and the Company incurred a net loss of \$2,789,000 and \$128,000, respectively, for the financial year ended 31 December 2025 and as at that date, the Group's net liabilities and current liabilities exceeded its net assets and current assets by \$6,663,000 and \$18,374,000 respectively. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Group's and the Company's ability to continue as going concern. As disclosed in Note 2.1, the ability of the Group and the Company to continue as a going concern is dependent on the Group generating sufficient cash flows from its operations, and the continuing support from one of the directors and his spouse, who are also the controlling shareholders deemed to have interest in each other's shares, to provide continuing financial support to the Group and the Company to enable them to meet their liabilities as and when they fall due and not to recall the amount advanced to the Group and the Company for 15 months from the date of the financial statements.

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#### **Material uncertainty related to going concern (cont'd)**

In the event that the Group and the Company are unable to continue operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in normal course of business and at amounts which could differ significantly from the amounts at which they are recorded in the balance sheets. In addition, the Group and the Company may have to reclassify certain non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

Our opinion is not modified in respect of this matter.

#### **Emphasis of matter**

##### *On-going litigation by the Urban Redevelopment Authority*

We draw attention to Note 31(c) which describes the uncertainty related to the outcome of an ongoing litigation brought by the Urban Redevelopment Authority concerning alleged breaches of the minimum stay requirement in connection with short-term accommodation provided by ST Hospitality Pte. Ltd..

Our opinion is not modified in respect of this matter.

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Material uncertainty related to going concern and Emphasis of matter sections, we have determined the matters described below to be key audit matters to be communicated in our report. For the matters below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

##### Impairment loss on right-of-use assets and property, plant and equipment

At 31 December 2025, the carrying amounts of right-of-use assets and property, plant and equipment were \$16,361,000 and \$3,117,000, which represents 61% and 12% of Group's total assets, respectively. The assets are allocated to the respective cash-generating unit ("CGU").

Management has assessed that there were indicators of impairment or reversal of impairment on certain CGUs in the hospitality and food and beverages segments.

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#### Key audit matters (cont'd)

Management performed impairment tests on the right-of-use assets and property, plant and equipment of the CGUs exhibiting impairment or reversal of impairment indicators and determined their recoverable amounts based on value in use calculations. Based on the outcome of this impairment test, the Group has recognised a net impairment charge of \$664,000 to the right-of-use assets and a net write back of previously recognised impairment charge of \$37,000 to the property, plant and equipment respectively. This area was significant to our audit because the impairment assessment involved significant management judgement and required the management to make various assumptions in the underlying cash flow forecasts. Considering the level of management judgment involved and heightened degree of estimation uncertainty associated with current market and economic conditions in the assessment, we engaged our internal valuation specialists to assist us in evaluating the reasonableness of pre-tax discount rates used by management.

As part of our audit, we reviewed management's identification of impairment or reversal of impairment indicators relating to the respective CGUs by assessing management's review of the financial performances of the CGUs. Where an impairment or reversal of impairment indicator is identified, we reviewed the discounted cash flow prepared by management and evaluated the reasonableness of key assumptions used in the impairment analysis, in particular the sales growth rates and discount rates. We tested the robustness of management's budgeting process by comparing the actual financial performance against previously forecasted results and the performances of the CGUs after the year end. We reviewed management's sensitivity analysis of the carrying amounts of the right-of-use assets and property, plant and equipment to reasonably possible changes in certain key assumptions based on the overall industry outlook.

In addition, we assessed the adequacy of the disclosures on the right-of-use assets and property, plant and equipment, and the assumptions used in the impairment tests and the outcome of the impairment tests in Note 3.2 *Key sources of estimation uncertainty*, Note 15 *Right-of-use assets* and Note 13 *Property, plant and equipment* of the financial statements.

#### Other information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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#### **Responsibilities of management and directors for the financial statements (cont'd)**

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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#### **Auditor's responsibilities for the audit of the financial statements (cont'd)**

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on other legal and regulatory requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tan Peck Yen.

Ernst & Young LLP

Public Accountants and  
Chartered Accountants  
Singapore

10 April 2026